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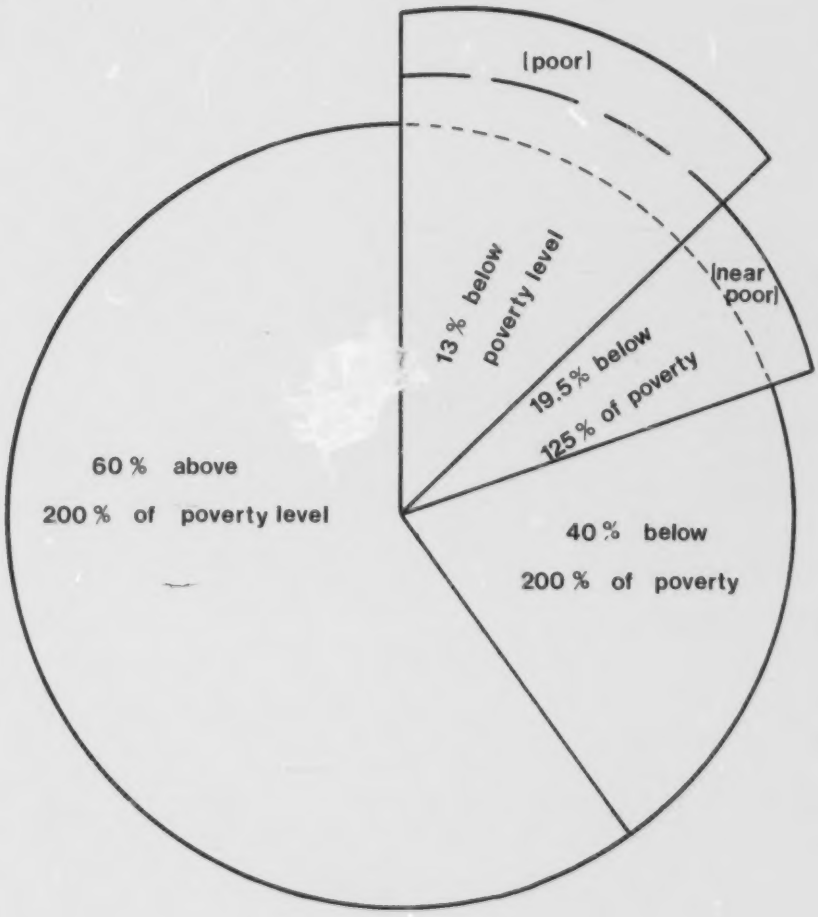
Poverty in Maine, 1970-1980

Volume 1: Causes and Conditions



Executive Department
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Maine State Planning Office and
Division of Community Services

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Poverty in Maine, 1970-1980

Volume 1: Causes and Conditions

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March 1985

Poverty in Maine, 1970-1980 is one of four volumes examining poverty in Maine prepared by the State Planning Office. The second volume is a statistical abstract of 1980 census data and other data concerning the conditions of poverty. This volume is similar in format to the "Profile of Poverty" first published in 1973. Those interested in Volume 2 should inquire with the Division of Community Services or the State Planning Office.

Volumes 3 and 4 contain statistics from the 1980 Census on social and economic conditions and housing on a community and regional basis to assist planning and program development by local and regional agencies. Those interested in examining the data contained in these volumes should contact their local Community Action Agency or Regional Planning Commission. Copies are also available at major libraries throughout the State.

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Preface

Simply defined, poverty is a condition characterized by insufficient income to meet the minimum daily needs of life.

Anyone can be poor. People with income below the poverty level may be highly educated or they may be uneducated. They may live alone or in families. They include the young, the middle-aged and the elderly. They are the people with jobs, and people without jobs.

Certain groups of people in our society, however, are more likely to be poor. There are certain social and economic conditions and circumstances that cause the poverty rate to rise or fall, and that make the likelihood of falling below the poverty line greater for some than for others.

This study examines those factors and their effect on the lives of Maine people based on the 1980 Census, the only data source that permits detailed study of those living in or near poverty. It also considers how the population and the economy have changed in recent years, and the effects of these changes for the remainder of the 1980's.

I

Summary

Since poverty became a major political issue in America during the 1960's, finding appropriate ways to assist the needy has been an important topic on the public agenda. But during the same period, the nature and extent of poverty in America and in Maine has changed in several significant ways.

This report examines the principal social and economic characteristics of poverty in Maine, the changes that occurred in the 1970's, and describes how many of the trends of the 1970's continued into the early years of this decade. The report is based largely on data from the 1980 Census, the only source that provides sufficient detail to conduct an in-depth analysis of our population.

It is intended to provide new insights into the condition of the poor in Maine, in order that a renewed commitment to effective action to assist the poor may be made.

The poverty rate in 1980—the percentage of people in Maine living below the official "poverty line"—was thirteen percent, the same as in 1970. However, this stability masks the fact that there were 10,000 more poor people in 1980. The U.S. pattern for the same period was similar. The reason that the rate remained unchanged, while the number of poor grew, is that Maine's population growth during the 1970's was faster than its economic growth.

The official measure of poverty is the "poverty line", a figure calculated annually by the Federal Office of Management and Budget to measure the level of income below which a family of a given size cannot purchase the minimum necessities. The "poverty line" is a useful measure for government statistics; but it is an artificial measure of a complex reality.

Poverty is more than just a matter of having income below the official poverty line. The near poor—those with incomes up to twenty-five percent more than the poverty line income—face difficulties that are often as great as those officially in poverty.

These low income groups face significant challenges in maintaining adequate hosuing, staying healthy, and even in helping their children to take full advantage of the education system. Various forms of public assistance make poverty more bearable, but also induce feelings of dependence on others which make it difficult for some to break out of poverty.

There is a great deal of evidence that many people move in and out of the categories of "poor" and "near poor" during their lives, or even during a single year. For example, the monthly average unemployment rate in Maine during 1979 was ten percent. But, nearly twenty percent of all Maine workers experienced some period of unemployment during that year. The Department of Human Services reports that, each month, about 50,000 Maine residents receive Aid to Families with Dependent Children (AFDC); but that three times that number are actually served during a twelve month period.

Thus, the problems of the poor must really be considered to be the problems of the poor and the near poor, of people with low income in general. And, rather than looking at a fixed percentage of the Maine population as being poor, the problems should be seen as economic and social conditions that make earning adequate incomes difficult.

The Maine economy has grown substantially in the last 10 years, outpacing the national economy and permitting Maine to enjoy unemployment rates consistently below the national average over the past 6 years. But the growth in the Maine economy has not provided sufficient high paying jobs to permit substantial reductions in poverty.

There are two principal reasons for this. First, Maine continues to rely heavily on its natural resource based industries—farming, forestry, and fishing—which often provide only seasonal work, and whose incomes depend on sometimes erratic prices for products. Second, most of the growth in the Maine economy has been in the trade and services industries, which also tend to pay lower wages, and offer a great number of part-time and part-year jobs.

As a result, the "working poor" are a significant part of the poverty in Maine. In fact, the increase in the number of poor in Maine between 1970 and 1980 was entirely among working-age adults between the ages of 18 and 44. The growth in poverty among adults was fifty percent faster than the increase in the Maine adult population as a whole.

More than one-half of the low income families in Maine have one or more members in the workforce, but they tend to fill the part-time or part-year

jobs that are subject to periods of unemployment and seasonal layoffs.

A related factor is the significant growth in the single-person and single-parent household. Although most families in Maine still have two parents, and in fact more than two-thirds of the families in poverty have two parents, the number of single-parent families has tripled and the number of single-person households increased by more than sixty-five percent.

Single persons and single-parent households have obvious disadvantages in an economy with a large number of relatively low-wage and part-time or part-year jobs. These disadvantages are illustrated by the fact that the average income of two-earner households was $6,000 greater than the income of one-earner households in 1979.

Poverty is increasingly affecting women in particular. The majority of single-person and single-parent families with children are headed by women. Women tend to have lower wages than men in most sectors, and tend to hold a high proportion of low-wage jobs in both manufacturing and non-manufacturing.

While poverty among working-age adults, has increased, the poverty rate for the elderly declined during the 1970's. Major changes in the Social Security and Medicare programs, combined with the longer Social Security payment histories of recent retirees, were instrumental in reducing poverty among the elderly.

The number of children in poverty in 1980 was largely unchanged from 1970. This was primarily due to demographic factors: while the number of families with low incomes grew during the 1970's, these families had fewer children.

Within Maine, significant regional differences in the amount and extent of poverty have emerged. The level of poverty in a region varies with the health of the regional economy, particularly the availability of full-time, high-income employment opportunities. By this measure, the more rural areas of Maine have the highest rates of poverty. In 1980, Waldo and Washington Counties had rates over twenty percent, while York and Cumberland Counties had rates under ten percent.

Many of the changes that occurred in the 1970's are continuing in the 1980's. The growth in single-person households and single-parent families is likely to continue, though perhaps at somewhat slower rates than in the 1970's. The trade and service industries, those with a significant number of part-time and part-year jobs, are forecast to provide most of the new jobs throughout the 1980's.

There is no doubt that public programs designed to assist the poor have been effective in ameliorating the conditions in which many of the poor live. The changes in the poverty rate among the elderly are the best evidence of this.

The challenge for public policy towards poverty in the 1980's is to avoid making already hard lives more difficult while, at the same time, finding ways to move people out of poverty permanently. This means creating additional employment opportunities, particularly full-time, year-round opportunities.

II
Introduction

In the 1960's and 1970's, a variety of public policies and programs were designed to provide services to the nation's poor. These programs were designed to reduce suffering and assure that basic needs are met, and they have been largely successful in achieving these goals.

However, most social programs were not designed to help people move out of poverty. Thus, in spite of expanded income maintenance and social service programs, poverty persists in Maine and in the nation. **In fact, the number of people living below the "poverty" line has increased. During the 1970's, the number of poor grew by 10,000 persons in Maine.** Nationally, the number increased by more than 2 million and continues to rise. In Maine, thirteen percent of the population is "officially" poor, and another twenty-five percent live on the borderline of poverty.

It is time to look in greater depth at the causes of poverty and to formulate new strategies to reduce it. This report marks the beginning of that process. It examines the underlying causes of poverty in Maine and identifies trends in the social, demographic, and economic structure which determine the nature and extent of poverty in this decade.

POVERTY—DEFINITION AND MEASUREMENT

Poverty is generally a measure of economic subsistence. It is commonly defined in terms of the amount of income necessary for a household of a given size to attain a minimum standard of living.

But poverty is more than lack of income sufficient to afford the amenities enjoyed by middle income households, or the luxuries enjoyed by those in the upper income bracket. It is lack of opportunity, of self-sufficiency, of self-determination. It is also an inability to afford decent housing, adequate diet, or health care. Poverty even makes a proper education more difficult.

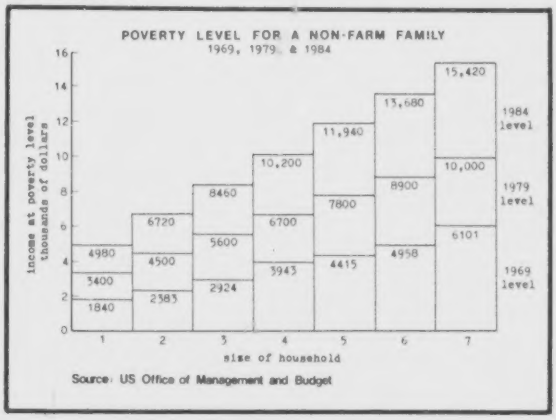
Together, these unmet needs produce feelings of psychological dependence, feelings of powerlessness and hopelessness that are often passed on to the next generation. Being poor comes to be perceived by the general public and by the poor themselves as a weakness or personal failing, rather than as a result of social and economic conditions that foster inequalities and perpetuate them.

The poor are sometimes described as members of an "underclass" or "subculture" of chronically deprived people whose lifestyles, values, social behavior and cultural norms are distinctly different from the rest of society. While there are poor in Maine who may fit this description, it is not an accurate characterization of the vast majority of Maine poor.

The "poor" include a large number of people whose circumstances vary over time so that their incomes sometimes place them below the poverty line and sometimes just above. As family situations and employment opportunities change, people can move in and out of poverty, as statistically measured, and yet see little real change in their living conditions.

Two statistics are commonly used to measure the extent of poverty. The official measure of poverty is established by the U.S. Office of Management and Budget and is adjusted each year to reflect changes in the cost of living. This measure is used by the Census Bureau in reporting the poverty rate.

FIGURE 1



A second indicator of economic well-being is the cost of living budget, in which the amount of money a family requires to attain a lower, intermediate, or upper level of living is determined by the U.S. Labor Department. The amount of income required at the lower level is about twice the income level established as the official poverty guideline.

To illustrate how these measures compare to the incomes of Maine people, a person earning minimum wage ($2.90 per hour in 1979) and who worked full-time all year received a gross income of $6,032, only 90% of the 1979 poverty level of $6,700 (adjusted, after tax) for a family of four[1]. In 1984, the poverty level for a family of four is $10,200, equivalent to the gross wage from a full-time job at $4.90 per hour. A person working full-time in 1984 at the minimum wage ($3.35 per hour) has an income that is only two-thirds (67%) of the poverty level for a family of four.

Although we must rely on statistics to describe poverty, the statistics are, at best, a partial measure of what it means to be poor. Poverty has severe human costs for which inadequate measures exist today.

THE EXTENT OF POVERTY IN MAINE

The full extent of poverty in Maine is difficult to measure. The poverty rate indicates the proportion of the population living below the poverty line at a given time. In 1979, thirteen percent of the Maine population, or 141,000 people, were living below the official poverty line. Almost one in five were on the borderline (below 125% of the poverty level), and 40% had income less than the amount required to meet the lower level standard of living as set by the U.S. Department of Labor.

FIGURE 2

Comparison of Federal Measures of Poverty to Earnings of Maine Workers, 1979 and 1984

	Poverty Level	Lower Living* Standard	Minimum Wage	Average Earnings In Maine
Annual Income Required				
1979	$ 6,700	$13,623	$6,032	$ 9,435
1984	10,200	16,790	6,968	14,130**
Hourly Wage Required				
1979	$3.22	$6.55	$2.90	$4.54
1984	4.90	8.07	3.35	6.79**
Percent of Maine Individuals With Income Below:				
1979	51%	81%	51%	--
Percent of Maine Households With Total Income Below:				
1979	13%	40%	15%	--

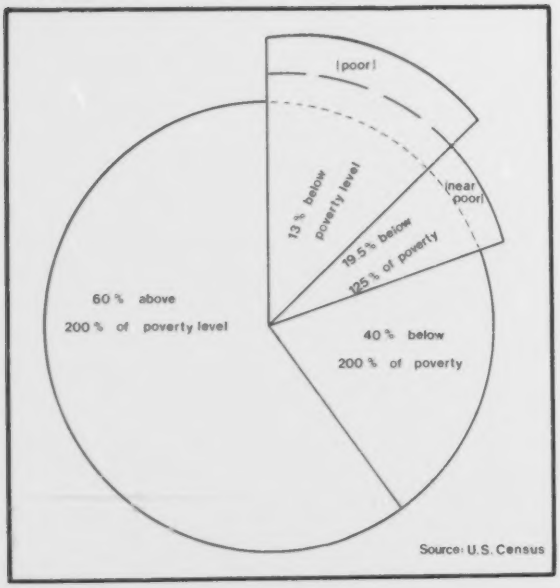
*Data for Family of Four
**Bureau of Labor Statistics, 1983 Preliminary Estimates

In order to attain the 1979 lower level standard of living established by the Department of Labor, one must have had a full-time job paying $6.55 per hour. That year, forty percent of the population in Maine lived in households where the total income of all members amounted to average wages of $6.55 per hour or less. **In 1984 a person must earn more than $8.00 an hour to derive an income equal to the lower level standard of living. For 1983, the average hourly wage in Maine was $6.79[2].**

[1] Most of this report is based on the 1980 Census. Economic statistics collected by the Census Bureau are for the 1979 calendar year. Where more current information is available, it has also been presented in order to provide comparison to the present.

[2] Bureau of Labor Statistics, April, 1984, Data for 1983.

FIGURE 3


(poor)
13 % below poverty level
(near poor)
19.5 % below 125 % of poverty
60 % above 200 % of poverty level
40 % below 200 % of poverty
Source: U.S. Census

In reality, however, people move in and out of poverty as their own circumstances and economic conditions change. A large number of Maine people have income near the poverty level and may be considered to be "at risk" of being poor.

There are signs that poverty is more extensive than many commonly-used indicators suggest. Twice as many people suffer periods of unemployment than is indicated by the monthly average umemployment rates, with which most people are familiar. In fact, nearly one worker in five was unemployed some time in 1979, while the State's average unemployment rate for the year was less than 10%.

Likewise, the number of people receiving benefits from the Aid to Families with Dependent Children (AFDC) program averages 50,000 a month, but it is estimated that during a 12 month period, at least three times that many are served.

Thus, "poverty" is a long term condition for some people, and a temporary state for others. **For many, however, living "near poverty" is a permanent situation.**

There are also indications that poverty has increased since the 1980 Census was compiled. A recent Census Bureau Report [1] estimates that the poverty rate in the U.S. increased from twelve percent to fifteen percent between 1979 and 1983.

Though detailed State figures are not yet available, the report attributes the rise in poverty to a recessionary economy and to slow job growth. This underscores a central fact about poverty: **limits to economic opportunities, coupled with social and demographic changes, have served to keep large segments of the population in or near poverty, and to narrow the prospects for diminishing poverty in the U.S. and in Maine.**

[1] U.S. Census Bureau Advance Report, "Money Income and Poverty Status of Families and Persons in the United States", 1983

III

Social and Economic Characteristics of Poverty in Maine

Who is poor in Maine? And why? Personal characteristics such as age, sex, race, and marital status, do not "cause" one to be poor, but there are definite relationships between these factors and the likelihood of a person being poor.

For example, the poverty rate among children is only slightly greater than that for the total state population. However, if a child lives in a single-parent household, the likelihood that he or she will be poor more than triples. If the single-parent is not working, the poverty rate climbs even higher.

This section discusses the relationships between poverty and several key characteristics: age, sex, household size and type, education, health, housing and employment conditions.

A. DEMOGRAPHIC AND SOCIAL CHARACTERISTICS AFFECTING POVERTY

1. AGE DISTRIBUTION

Historically, the poor have been disproportionately very young or very old. But during the 1970's, **the increase in the number of poor has been entirely among the non-elderly adult population.** Poverty increased most rapidly among adults under age 45, an increase of more than fifty percent. Single adults age 18 to 44 were affected most; the number living in poverty more than doubled (up 112%).

FIGURE 4

Distribution of Poverty and Variation in Poverty Rate by Age

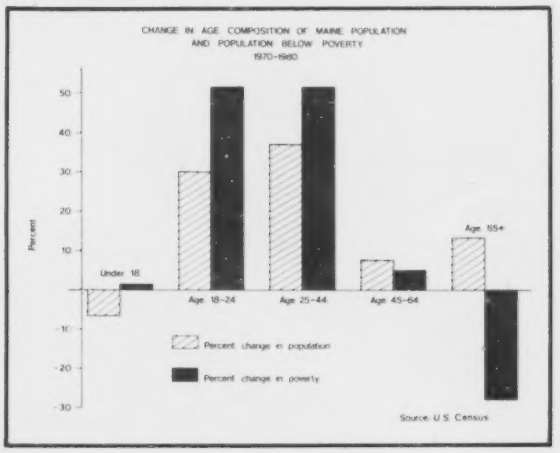
Age	Number Below Poverty	Percent of the Poor	Poverty Rate of Each Age Group
Under 18	49,862	35.4	15.8%
18 - 24	20,295	14.4	16.4
25 - 44	29,985	21.3	10.0
45 - 64	19,301	13.7	8.9
65 and Over	21,533	15.3	16.4
TOTAL	140,996	100.0	13.0

Source: 1980 Census

Thirty-five percent of the poor are children. **Even though the total number of children in Maine has declined, the number living below poverty has remained constant.** The major reason is the threefold increase in single-parent households since 1970. Half of all poor children live in households headed by single females.

In contrast, **the number of elderly who are poor has declined.** The elderly accounted for fifteen percent of the poor in 1980 compared to twenty-three percent in 1970. Major public policy changes in the 1970's helped to reduce poverty among the elderly. Indexing of Social Security income is the largest single factor responsible for this reduction. In addition, recent retirees have a longer history of payment into the Social Security program and are therefore entitled to more benefits than those who retired prior to 1970. Expanded health and transportation services and programs to hire older people (such as the Senior Service Corps) have increased work opportunities for the elderly as well.

FIGURE 5



2. SEX DISTRIBUTION

An increasing portion of Maine's poor are women. The poverty rate is greater among women at all ages. Females account for fifty-eight percent of the poor but only fifty-two percent of the total population.

Women in at-risk groups (the elderly, single women, and single female parents) are a growing share of the population. Most of the elderly living below poverty are women. This is because women have a longer life expectancy than men, and make up an increasing share of the elderly population; and because women generally receive less retirement income. In addition, the number of women who are family heads, and the number of women who choose to form families later in life, are increasing.

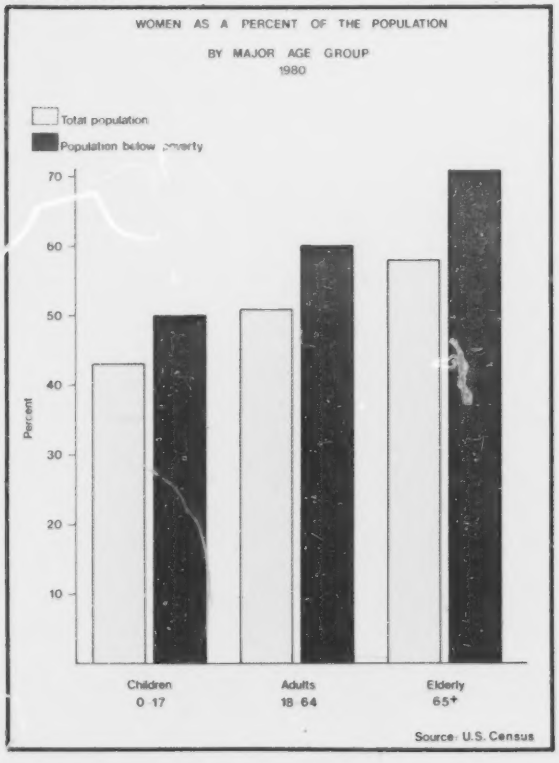
FIGURE 6

Women as a Percent of the Population in 1980

Age	Percent of Total Population	Percent of Population Below Poverty
Under 18	43%	50%
18 - 59	51	60
60 +	58	71

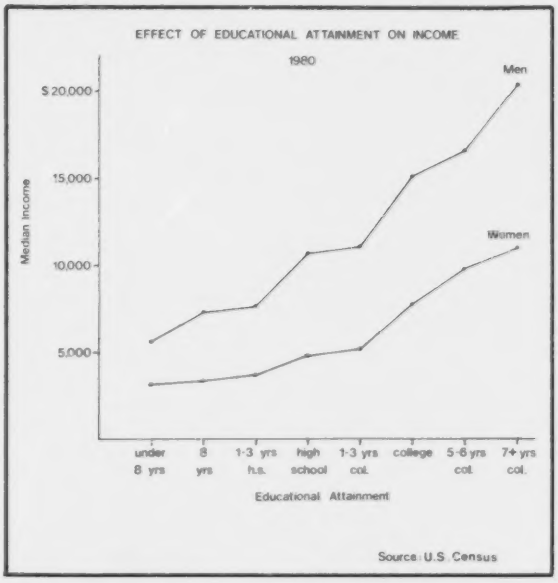
Source: 1980 Census Public Use Sample

FIGURE 7



Moreover, working women have substantially lower incomes than men. On the average, in 1979, women received only 47.4 cents for every dollar of income received by men. **The earnings of women age 18 and over working full-time are only fifty-five percent of the earnings of men who work full-time. The gap widens as educational attainment increases.**

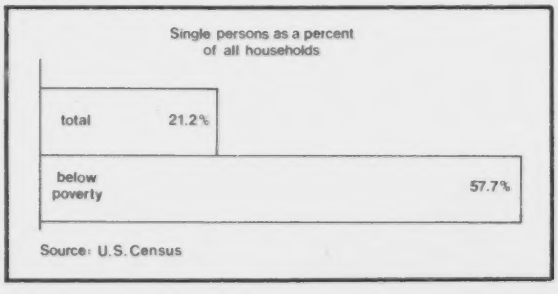
FIGURE 8



3. HOUSEHOLD SIZE AND TYPE: Unrelated Individuals

Single individuals[1] suffer the highest rates of poverty; and the number of single-person households is increasing at a much faster rate than the population living in family units. Among the poor, they account for twenty-eight percent of the people, and more than half of the households (39,000 out of 68,000), living in poverty.

FIGURE 9

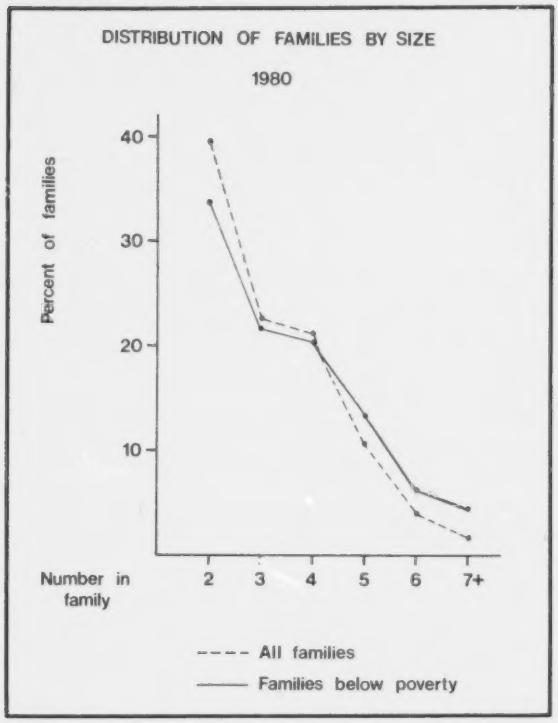


[1] "Single" and "unrelated individual" are terms used by the Census Bureau to refer to people who either live alone or who share housing with others to whom they are not related (boarders, roommates, etc.).

4. HOUSEHOLD SIZE AND TYPE: Families

Large families have traditionally been more prone towards poverty than small families. The poverty rate tends to increase with family size, but there are relatively few very large families today. Large families no longer contribute significantly to the overall poverty rate.

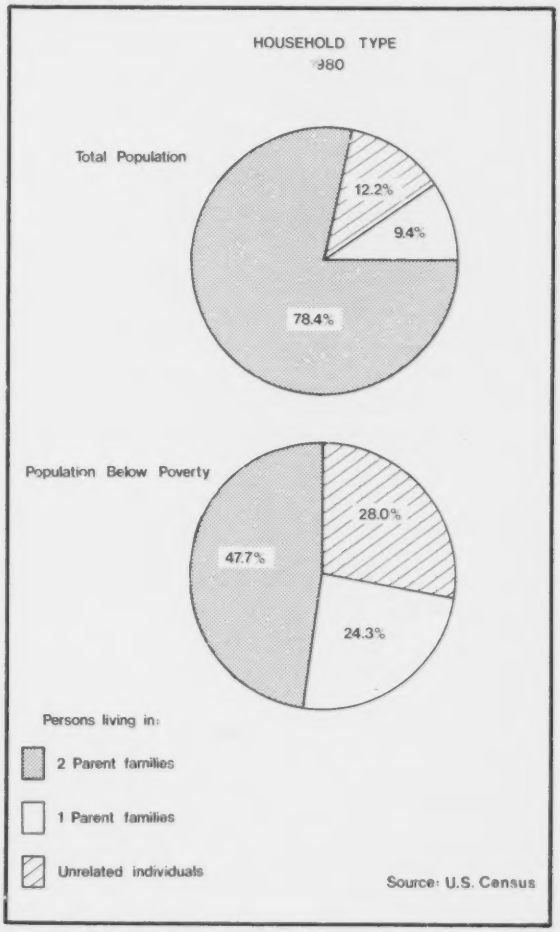
FIGURE 10



Rather, since 1970, **the number of families headed by a single-parent has tripled;** and while they still form a relatively small share of the families (only twelve percent) and of the total population (nine percent), **single-parent families account for one-third of all poor families. The poverty rate among families headed by a single female parent is five times as great as for two-parent families.**

Despite the significant growth in single parent households, **nuclear families still make up eighty-five percent of all Maine families and eighty-two percent nationwide. Two-thirds of the families living in poverty are headed by married couples.** These families often have only one member in the labor force, usually employed in a low wage job, or they are headed by an elderly or disabled person. The number of two-parent poor families has remained virtually unchanged since 1970.

FIGURE 11



5. EDUCATIONAL ATTAINMENT

Low educational attainment diminishes income and employment opportunities. In Maine, people without a high school diploma are twice as likely to be poor. More than one-fifth (twenty-one percent) of the non-elderly family householders[1] below poverty have an eighth grade education or less, and only fifty-six percent are high school graduates. In contrast, more than three fourths of the non-elderly householders above poverty are high school graduates, and only twelve percent have not attended high school.

People with relatively little education have more limited opportunities for full-time work. While less than a third of the population does not have a high school diploma, sixty-five percent of men and fifty-eight percent of women are employed in jobs that are less than full time (i.e., less than 9 months of the year or less than 35 hours a week).

Educational differences between the poor and the non-poor begin at an early age. Even the very young children of poor families are less likely to be in school. Fewer children from low income homes are enrolled in nursery school and kindergarten programs. The Head Start program, which was created to help low income children enter the educational system, has had remarkable success, but today it has funds sufficient to assist only twenty-five percent of the eligible children in Maine[2]. The high school drop-out rate among poor youth in 1980 was more than double the rate among non-poor youth (8.3% compared to 3.9%).

The reasons for the poor's lower participation in education have not been fully documented or explained. A number of studies have shown higher levels of absenteeism among the poor because of inadequate clothing, lack of transportation, and insufficient finances to participate in school events. As a result, the poor have difficulty utilizing the education system fully, which reflects in performance and drop-out rates.

FIGURE 12

Educational Attainment and Poverty Status of Family Householders Under Age 65

Education Level	Total Householders Under Age 65		Below Poverty		Above Poverty	
	Number	%	Number	%	Number	%
8 Years or Less	31,170	12.5%	5,310	21.0%	25,860	11.6%
1-3 Years High School	34,488	13.8	5,742	22.8	28,764	12.8
Completed High School	104,004	41.8	10,098	40.1	93,906	41.9
1 or More Yrs. College	79,402	31.9	4,055	16.1	75,347	33.7
TOTAL	249,064	100.0	25,205	100.0	223,859	100.0
Percent Completed High School	73.7%		56.2%		75.6%	

Source: 1980 Census

[1] The term "householder" refers to the person in each household whose name appears first on the census questionnaire and is, in most cases, the person (or one of the persons) in whose name the home is owned or rented. The term replaces "Head of Household". The Census Bureau distinguishes between family householders and non-family householders. The former contain two or more members related by marriage, blood or adoption. Non-family households contain a single person or, if more than one person is present, roommates, boarders, etc.

[2] The Third Special Session of the 111th Legislature approved $1.7 million of additional funding, raising the percent of children served by the Head Start program from less than twenty percent to twenty-five percent in the 1984-1985 school year.

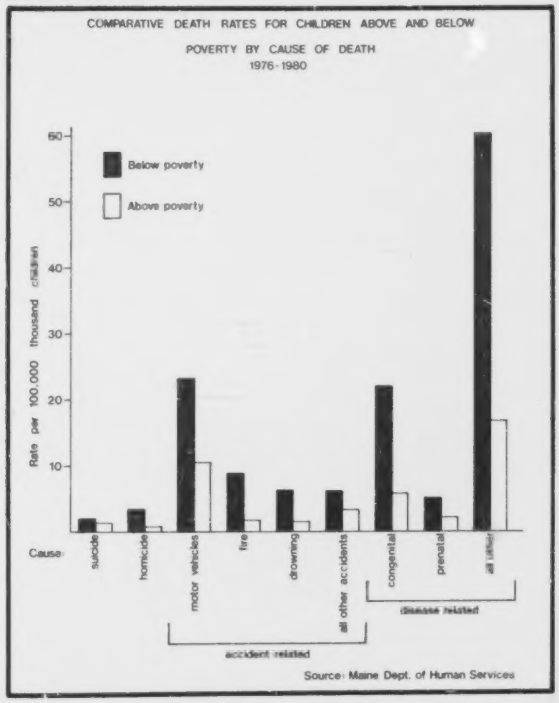
There are also studies that indicate the poor place a lower value on education and have lower aspirations. Studies by the Department of Education and Cultural Services [1] have repeatedly found that children from low income families do not expect or plan to further their education. They do not perceive themselves as having a future markedly different from that of their parents. Other studies point to financial need of the family or individual, teen pregnancy, and other events that interrupt the formal education process.

6. HEALTH

Poor health limits one's capacity to earn an adequate living and results in high medical expenses that further deplete income. Disabled or handicapped persons are twice as likely to be poor.

Performance in school and in the work place has been associated with diet and health care, both of which were often inadequate during the childhood of many of today's low income adults. Moreover, today Maine children in low income environments are three times more likely to die of disease or accident than children who are better off [2].

FIGURE 13



Without proper diet, shelter, or health care, children are more likely to suffer the long term effects of poor health, disease, disability, and hazardous living conditions, and are more likely to die from the effects of poverty. **The cumulative effect is that a child growing up in poverty will have a higher probability of inheriting a life of poverty.**

During the 1970's, Food Stamps, Medicare, Medicaid, catastrophic illness and medical needy programs were established to serve disadvantaged people and the programs now in place can be expected to improve the future for many of today's low income children. These measures have reduced the cost of care to thousands of low income people. Since the construction of rural health care facilities, the number of unserved or inadequately served people has been reduced.

However, not all children (especially those in two-parent families and the children of the "working poor") receive these benefits. Needs also remain unmet among adults, especially the working poor and those in certain rural areas where cost and distance are still prohibitive. Availability and accessibility of care is reflected in the state's vital statistics. For example, in Waldo County, 6.6% of deaths occurred en route to the hospital in 1980, nearly three times the State average.

7. HOUSING

Housing conditions have improved markedly in Maine since 1970. The number of units lacking complete plumbing has been cut by half. The proportion of the State's housing stock built before 1930 dropped from two-thirds to one-half of the total stock. In urban areas, multi-family developments and rent subsidy programs have reduced the number of overcrowded units by half, although rural areas continue to have higher rates of overcrowded housing. Yet, in spite of the nearly 100,000 new units built during the decade, Maine has the greatest proportion of older housing stock in the country, indicating a greater need for repair, rehabilitation and weatherization assistance.

[1] Maine Department of Educational and Cultural Services, Maine Assessment of Basic Skills, 1978: Technical Report

[2] Maine Department of Human Services, **Childrens' Death in Maine,** 1976-80 Final Report, April, 1983

As has been the case historically, the poor live in the State's worst housing units. They are three times more likely to be renters than home owners and are more likely to live in overcrowded conditions. Nearly twice as many poor live in mobile homes and multi-family housing. Twelve percent of the poor (mostly in rural areas) live in homes lacking complete bathroom facilities.

Affordability of housing is a growing concern which has become a major issue as inflation and interest rates have skyrocketed. These changes have placed adequate housing out of reach of much of the population in the lower income brackets, especially young families planning for their first home.

Only a small proportion of Maine's families can afford to rent or buy a home today without the assistance of rent or interest subsidy programs. These programs served as a buffer to the rising cost of housing during the 1970's, allowing substantial numbers of Maine households to improve their living conditions.

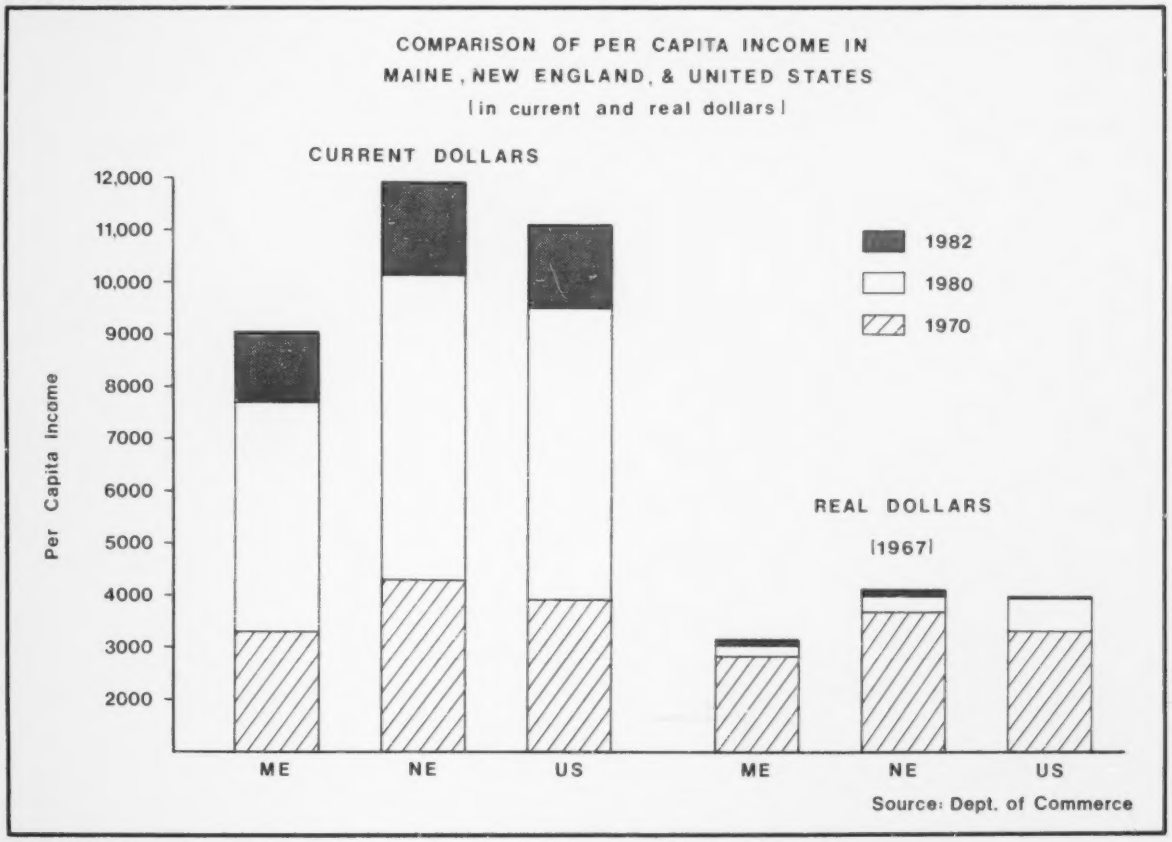
Federal housing assistance programs have been cut by two thirds in recent years, and as a result of these cuts and rising interest rates, new home construction in Maine has dropped significantly. In the 1970's, an average of 9,000 units per year were built. This has declined to only 3,000 to 5,000 units per year today[1].

B. ECONOMIC FACTORS AFFECTING MAINE'S POVERTY RATE

1. LOWER OVERALL INCOME

The income of Maine households has averaged 80% of the national level for some time. Today, Maine ranks 40th among the states in family income.

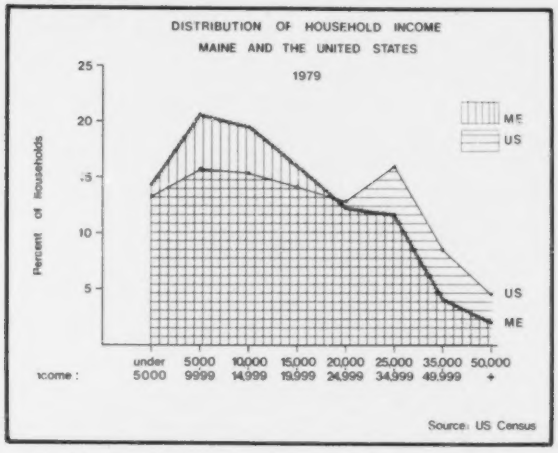
FIGURE 14



[1] Maine State Housing Authority, **Maine Housing Trends, 1950-1980,** 1984

Although Maine's poverty rate is not significantly greater than the national rate, a greater proportion of the State's population has income near the poverty level, and very few Maine people have substantial income. Only three percent have incomes of $50,000 or more.

FIGURE 15



Sudden and severe economic changes like those in the mid-western states, have not shaken Maine. The economy has remained stable, and new industries have prospered. At the same time, generally lower wages and the higher proportion of low skill and seasonal jobs depress the income and living standard of many Maine adults. Thus, while Maine has fewer extreme cases of poverty, it harbors a greater number of borderline poor.

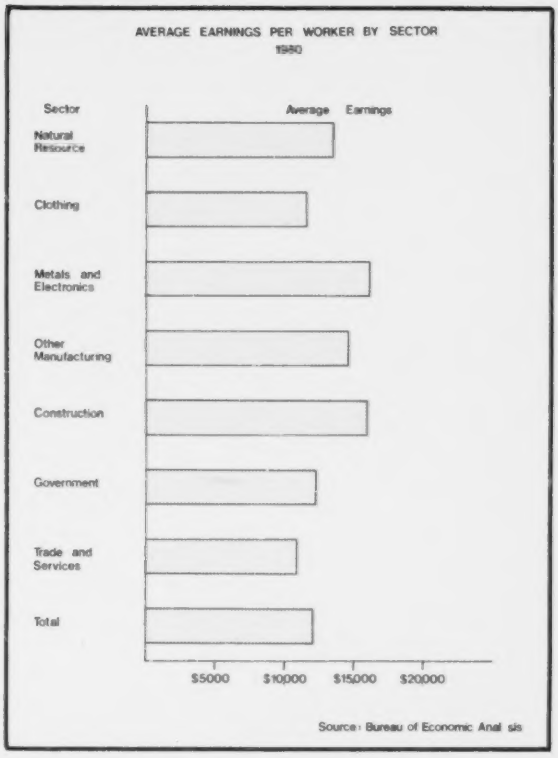
FIGURE 16

Comparison of the Extent of Poverty in Maine and the U.S.
1979

1980 POPULATION:	MAINE	U.S.
Severely Poor (Below 75% Poverty)	7.6%	8.3%
"Officially" Poor (Below 100% Poverty)	13.0	12.4
Borderline (Below 125% Poverty)	19.0	17.2
At Risk (Below 150% Poverty)	25.9	21.7
At Risk (Below 200% Poverty)	40.1	31.8
Moderate Income (Above 200% Poverty)	59.9	68.2
POVERTY RATE FOR:	**MAINE**	**U.S.**
Unrelated Individuals	29.7	25.1
Families	9.7	9.6

Source: 1980 Census

FIGURE 17



Most people in Maine today—as well as the nation—rely on more than one source of income for their livelihood—savings, small investments, and, especially, multiple jobs. Most farm people derive a portion of their family income from off-farm work. Many of the elderly, as well as many public assistance recipients, work part time. **Earnings provide half the income of poor families and one-third the income of single persons below poverty.** Most of the households receiving AFDC have members who work or will enter the labor force as soon as their children reach school age.

FIGURE 18

Proportion of Income by Source for Families and Unrelated Individuals Above and Below Poverty in 1979

	Families		Unrelated Individuals	
Percent of Income From:	Above Poverty	Below Poverty	Above Poverty	Below Poverty
Earnings	83.2%	53.2%	69.1%	33.4%
Wage and Salary	75.2	49.5	64.1	31.7
Self Employment	7.5	5.7	4.8	1.8
Farm	0.5	- 2.0*	0.2	- 0.1*
Unearned Sources:	16.8	- 46.8	30.9	66.6
Interest/Dividends	4.9	1.3	10.3	2.5
Social Security	5.5	16.0	11.5	45.7
Public Assistance	0.7	21.2	0.8	11.7
All Other	5.6	8.4	8.3	6.7

*Negative numbers reflect a net income loss.

Source: 1980 Census

2. LOW-WAGE JOBS

The poor are concentrated in low-wage, low-skill jobs. Of the approximately 12,500 working household heads below poverty, a quarter are unskilled laborers. Precision production jobs (primarily in the leather, textile, and clothing industries) and sales and clerical occupations account for an additional one-third of the jobs held by the poor. These tend to be the lowest paying industries in Maine.

Two-thirds of the female heads of households below poverty in the labor force are employed in sales, clerical and other service positions. One quarter are factory workers. In contrast, more than forty percent of the male household heads below poverty are employed in transportation or in farming, forestry, and fishing occupations.

FIGURE 19

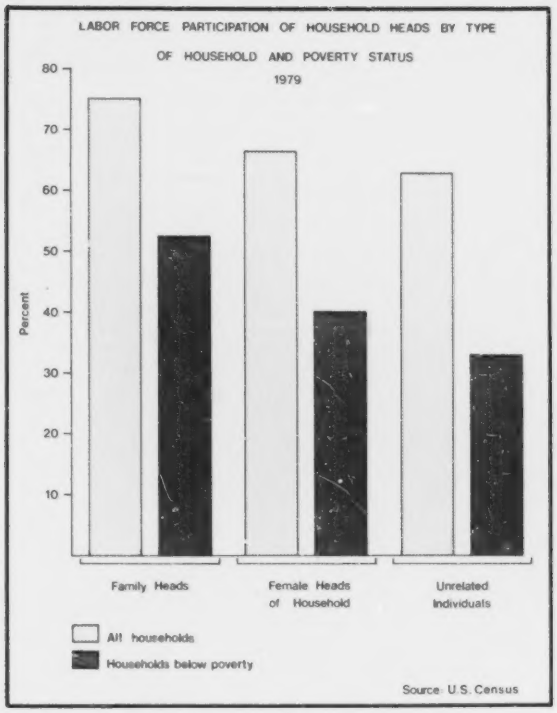
Distribution of Workers by Occupation and Industrial Sector and by Poverty Status in 1979

Occupation	% of Labor Force	% of Poor	% of Poor Male	% of Poor Female
Service	15%	22%	10%	32%
Administrative Support	14	10	3	16
Precision/ Craftsmen	14	9	17	3
Factory Operatives	12	13	10	16
Transportation	11	13	20	8
Professional/ Specialist	11	7	6	8
Sales	9	8	6	9
Executive, Manager, Administration	7	3	4	3
Farm, Forest, Fishing	8	13	21	4
Technician	2	2	2	2
	100%	100%	100%	100%

Industrial	% of Labor Force	% of Poor	% of Poor Male	% of Poor Female
Natural Resources	14%	20%	31%	11%
Construction	7	7	13	1
Clothing	7	8	5	11
Metals & electronics	2	2	2	2
Misc. manufacturing	7	3	5	2
Trade & service	57	55	41	67
Government	6	5	4	5
	100%	100%	100%	100%

Source: 1980 Census Public Use Sample

FIGURE 20



3. LABOR FORCE PARTICIPATION

Only half of the heads of poor families and one-third of the single-person households are in the labor force. Most of the poor are unable to work full time. The disabled, the old, and the young are not normally considered in determining labor force size, although a significant proportion work at least part-time. Nearly one-fifth (19%) of below-poverty adults under age 65 have a work disability.

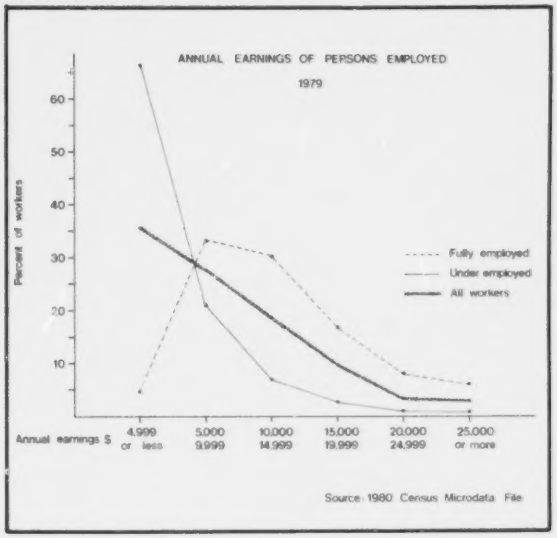
4. UNDEREMPLOYMENT AND UNEMPLOYMENT

Half of the jobs in Maine do not offer full-time employment. This underemployment [1] is the primary reason for the low income of Maine people. Ability to earn a sufficient income is restricted by the availability of largely part-time, temporary, or seasonal work. The poor are concentrated in these jobs.

While a segment of the population desires part-time and temporary jobs to supplement the income of a spouse or a retirement pension, far more are underemployed in that they desire more work but cannot find it. This is indicated by the number of people seeking work and the high turnover in people receiving benefits from public assistance programs.

The difference in earnings between full and part-time workers is dramatic. Two-thirds of the people working less than full-time earned under $5,000 in 1979. Eighty-eight percent had earnings of less than $10,000, while only thirty-eight percent of the fully employed earned less than $10,000 in 1979.

FIGURE 21



The seasonality of the Maine economy accounts for nearly seventy-five percent of the people who do not work full-time. The total number of jobs available in Maine fluctuates from month to month by as many as 50,000. Although some seasonal variation in the labor force is normal, the range of fluctuation is not comparable to the demand for work.

Of the poor who worked in 1979, only a quarter worked all year, while two-thirds of the population with moderate incomes worked all year. Less than half of the heads of poor households worked a full year, compared to eighty percent of all heads of households.

Women, in particular, are more likely to work in part-time, temporary, or seasonal jobs. Thirty-five percent of all female heads of households did not work a full year, and among the poor, seventy-two percent of female family heads were not fully employed.

[1] Underemployed is defined as working less than 35 hours per week or less than 50 weeks a year.

The worker's age and level of education also affect underemployment. Young workers, age 18 to 25, account for thirty-nine percent of the underemployed, partly because they are new entrants to the job market and partly because many are students. A greater percentage of the underemployed, thirty percent, are not high school graduates, compared to twenty percent of the fully employed.

Poverty is not directly linked to unemployment rates. Those who experience short periods of unemployment may not suffer income losses great enough to place them below the poverty level. Unemployed persons in households containing second and third workers usually do not fall below the poverty line.

Nevertheless, unemployment does reduce income and the poor work at jobs which are prone to longer periods of unemployment. **Maine has a relatively low average unemployment rate. Yet, one worker in five may be unemployed at some point during the year.**

While Maine's economic growth has permitted lower unemployment than the nation as a whole, the structure of Maine's economy with its relatively high proportion of part-time or part-year jobs does not provide for enough opportunities for many people to earn sufficient income to escape poverty.

Among the poor, nearly a quarter of the family heads were unemployed in 1979 and among these, seventeen percent were unemployed all year long. Heads of households tend to have steadier employment than second and third earners. Only five percent of all household heads in the labor force in 1979 were unemployed. The average rate of unemployment for male and female headed households below poverty is the same, but more than forty percent of female family heads were unable to find any work at all.

FIGURE 22

Unemployment Rate For Heads of Household By Poverty Status in 1979

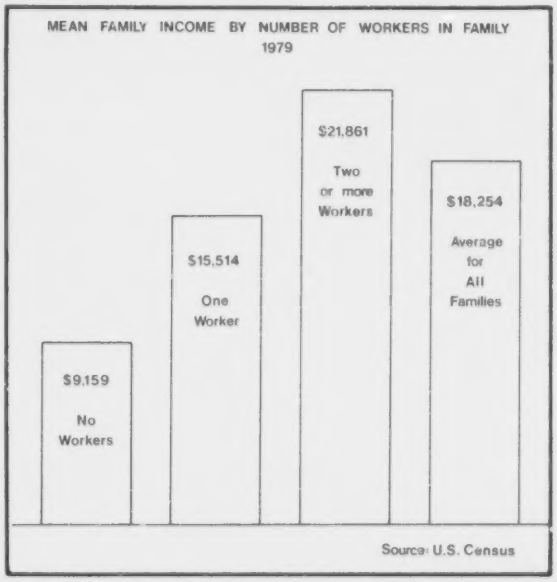
	All Households	Households Below Poverty
A. Percent with Unemployment in 1979:		
All Family Heads	5.6%	24.2%
Female Heads Only	8.6%	24.4%
Unrelated Individuals	8.5%	17.8%
B. Percent of Unemployed who had no work at all in 1979:		
All Family Heads	9.1%	17.4%
Female Heads Only	27.8%	40.9%
Unrelated Individuals	10.1%	20.9%

Source: 1980 Census

6. NUMBER OF WORKERS PER HOUSEHOLD

The presence of more than one worker in the family is an important factor affecting a household's ability to avoid poverty. This is true even when the second worker is employed in a lower-pay, part-time, lower-skill position than he or she is qualified for. The average income of families with two or more workers is more than $6,000 greater than that of families with only one worker, and is more than double (130% greater) the average income of families in which no member works.

FIGURE 23



Second and third incomes in two-parent families substantially reduce the poverty rate in Maine. Twenty-one percent of the families in which the husband works full-time are in the lower income bracket, and only eleven percent if the wife also works full-time.

However, low income households are less likely to have more than one member in the labor force. Among two-parent families living in poverty, about half of the householders work and less than a quarter of their spouses are employed. In contrast, eighty percent of the householders with moderate incomes and fifty-five percent of their spouses are working.

Unrelated individuals and single-parent families suffer much higher rates of poverty partly because there is, at best, only one worker present. The earning capacity of single-parent families is further limited when the single-parent is a mother who has focused primarily on childrearing rather than career development, and is forced to accept temporary or part-time work. Less than half of the female heads in the labor force are employed full-time. Even a good educational background often does not fully compensate for years of limited or no job experience.

In spite of such limitations, seventy-five percent of single mothers are in the labor force; two-thirds of these have children under age 6. In addition, older children frequently work (for example, as babysitters, seasonal farm laborers and sales clerks), thereby significantly reducing the poverty rate among single-parent families. Overall, more than a third of Maine youth age 16-17 work, including many still in school.

FIGURE 24

Rate of Labor Force Participation and Effect of Multiple Workers in Family on Income of Married Couples, 1979

A. Labor Force Participation

	Number	Percent
Married Men at Work in 1979	208,454	82.9%
Married Women at Work in 1979	143,470	57.0%
Number Working Full Time:		
A. Husbands	153,046	60.9%
B. Wives	53,506	21.3%
Households in which both work full time	39,042	15.5%

B. Effect on Income

	Median	Mean
All Married Couples	$17,303	$19,426
With Wife in Labor Force	$20,005	$21,666
With Wife not in Labor Force	$14,252	$17,215

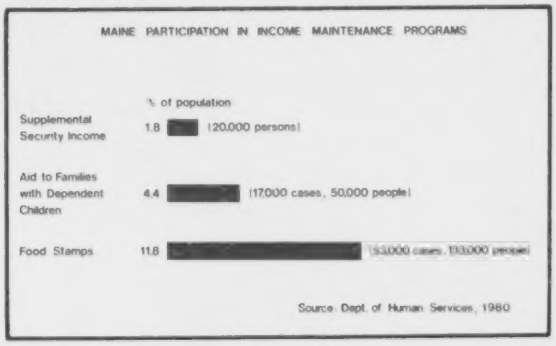
Source: 1980 Census

7. DEPENDENCE

Inability to support oneself and one's family results in dependency on others or on public resources, and in a corresponding sense of powerlessness. At any given time, nearly one-fifth of the State's population is receiving help from a major income assistance program. The total number served throughout the year is much larger, the turnover rate varying from one program to another.

A University of Michigan study found that half of all AFDC recipients are short-term cases and that one-fourth of Michigan's population had received AFDC support at some time during the ten year period of the study. Though data for Maine is incomplete, monthly data on case openings and closings suggests similar conclusions.

FIGURE 25



Assistance programs are designed to provide only a portion of the minimum requirement for meeting basic needs. For example, in 1984, the Aid to Families with Dependent Children (AFDC) program provides only seventy-two percent of the 1979 minimum budget[1]. Based on today's poverty guidelines, a family receiving AFDC receives an amount equal to less than fifty percent of the present poverty level. **Persons and families who must depend solely on such programs are extremely disadvantaged.**

[1]In 1984, the minimum amount of income required to meet "full need" was determined to be $4,548 for a family of two, an amount equal to the 1979 poverty level for a family of two. The maximum allowed benefit under the AFDC program is currently only $275 per month or only seventy-two percent of the 1979 poverty level for a two-person household.

IV
The Changing Structure of Poverty: Emerging Trends

Over the past decade, many of the factors that determine the nature and extent of poverty have changed. Three trends emerged in the 1970's which will affect Maine in the 1980's:

1. The number of poor increased, although poverty rates have not changed. The increase in poor has been primarily among working age adults, with women disproportionately affected.
2. Other changes have resulted in a reduction or stabilization in the poverty rate, especially among the elderly and children. However, much of this "progress" may be in jeopardy in the 1980's, and could be only temporary.
3. There are growing regional disparities and major shifts in the character of poverty.

A combination of economic and demographic trends are the major causes of these changes. A number of changes in federal government policies towards the poor have also occurred or have been proposed. Maine's response to the needs of the poor will be shaped by both the nature of poverty in Maine today and by decisions of federal policy towards the poor.

1. MORE POOR AND GREATER RISK OF POVERTY

While the rate of poverty in Maine remained unchanged between 1970 and 1980, the number of poor in Maine increased by 10,000. Nationally, the number of poor increased by more than two million between 1970 and 1980. The Census Bureau estimates that the national poverty rate has risen from twelve percent to fifteen percent during the early part of the 1980's; and that the number of households on the borderline of poverty has also increased[1]. Data for individual States for this period is incomplete, but similar trends are indicated in Maine.

Changes in our social and economic structure, record increases in the cost of living during the 1970's, followed by recession during the 1980's and changes in federal policy, are the major causes for the increased number of poor. A recent Congressional study[2] has linked increases in poverty since 1980 among children and adults not in the labor force to cuts in the welfare budget made in 1981. In addition, the number of people assisted by the federal "safety net" of social programs has been shrinking as eligibility guidelines are tightened. The people most adversely affected are the poor who have only a small amount of earnings. This is a major concern in Maine with its greater number of underemployed.

2. THE "NEW" POOR

During the 1970's, the increase in the number of poor was entirely among the adult population. The number of adults age 18 to 44 below poverty increased by fifty-two percent.

The poor have generally been thought to be those who are unable to provide for themselves through traditional means: children, elderly, handicapped or disabled, large families and single parents with small children. These sectors of the population have greater rates of poverty than average, and need special attention. **However, the increasing incidence of poverty among adults suggests that a new look at traditional programs to assist the poor, and a new focus towards creating employment opportunities and serving the needs of working age adults, are needed.**

FIGURE 26

Changing Age Composition of the Population Below Poverty

	1970	1980	% Change
Under 18	49,338	49,862	1.1
18-24	13,374	20,295	51.7
25-44	19,761	29,985	51.7
45-64	18,460	19,301	4.6
65 and over	29,965	21,533	-28.1
Total	130,902	140,996	7.7

Source: 1980 Census

[1] U.S. Census Bureau Advance Report, "Money, Income and Poverty Status of Families and Persons in the United States", 1983

[2] U.S. House of Representatives, Committee on Ways and Means, "Effects of the Omnibus Budget Reconciliation Act of 1981 (OBRA) Welfare Changes and the Recession on Poverty", July 1984

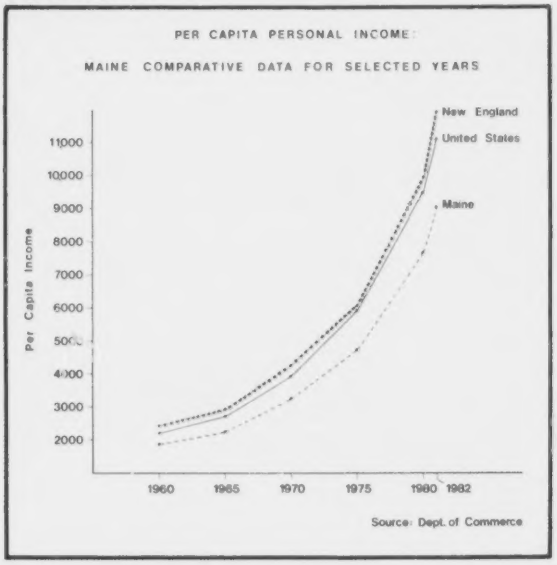
The increase in poverty among adults is associated with the changes in the Maine economy over the last fifteen years, and with changing household and family structure.

Maine has historically been highly dependent upon its natural resource based industries (agriculture, forestry, and fishing), industries which are characterized by seasonal work and fluctuating incomes.

However, trade and service industries have been the fastest growing sectors of the Maine economy since the mid 1960's. Almost two-thirds of all the jobs in Maine are now in these sectors. This has made Maine's economy more similar to the national economy, but the new jobs in trade and services are similar to those in natural resource industries in that they are often available only on a part-time or a part-year basis. They also are often relatively low-skill jobs, paying lower wages than in manufacturing.

The combination of Maine's historic reliance on natural resources and the growth in trade and services, both of which have relatively low average wages and a great deal of part-time or part-year employment, means that Maine has generally lower per capita income than the nation. Moreover, the State Planning Office Forecast for the Maine Economy [1] indicates that the trade and service sectors will continue to supply most of the growth in the 1980's. This is also true for the U.S. economy.

FIGURE 27



The poor are concentrated in predominantly low-wage, seasonal jobs found in the trade and service and natural resource sectors which dominate the Maine economy. As part-time and temporary work expands, the lack of employee benefits associated with these jobs, such as health insurance and retirement plans, can be expected to erode further the standard of living today and at the time of retirement. A working paper published by the Ford Foundation [2] finds that "low hourly earnings and restricted hours of employment are more significant overall causes of labor market-related hardship than joblessness."

A changing labor market challenges both the worker and the institutions which impart knowledge and skills. In the 1960's and 1970's, new jobs were needed for young people entering the market. However, more than ninety percent of the people who will be in the labor force in 1990 are there now. Thus, **the challenge before us will be to provide today's workers with opportunities to improve skills and learn new ones as jobs are lost in more mature industries.**

The increase in poverty among adults is also due, in part, to changing household and family structures, especially the rapid expansion of single-parent households. Single-parent households are rapidly growing as a proportion of all Maine families. They are at a severe disadvantage because their income is limited to that of one adult, at best. Most are headed by women who tend to have very low income.

A trend referred to as the "feminization of poverty" has provoked concern. Females make up a large (58%) and growing share of the Maine's poor. Their proportion can be expected to increase in the future. Because of differences in life expectancy, women will continue to outnumber men among the elderly, and they will have a higher risk of poverty because of lower retirement benefits due to variations in work history. In addition, changes in marriage and divorce patterns will continue the increase in single-parent, predominantly female-headed families in which earning capacity is limited. The income and occupational gap that exists between men and women in spite of educational qualifications must be addressed.

Although more women have joined the labor force, they often hold low-wage positions. The profile of working women is changing as more seek non-traditional employment and develop profes-

[1] Maine State Planning Office, **The Maine Economy: A Forecast to 1990,** Dec. 1982
[2] Ford Foundation, **Not Working: Unskilled Youth and Displaced Adults,** August, 1983

sional careers, but this transition to the professions is not as fast as the rise in single-parent families and single-person households or the increased rate at which women are entering the labor force.

Efforts to break traditional occupational barriers and reduce the gap in earnings between men and women are constrained by the fact that most job growth has been, and will likely continue to be, in low-wage occupations that women tend to hold.

3. STABILIZING FACTORS

A number of factors served to stabilize the poverty rate among certain groups during the 1970's. However, it is unclear whether these factors will continue to provide a stabilizing influence in the 1980's.

The poverty rate among the elderly declined in the 1970's, largely due to changes in the Social Security and medicare programs, and because recent retirees have paid longer into the Social Security program. However, the Social Security system and the Medicare program are likely to continue to be the targets of proposals to reduce federal deficits, which could affect the future level of poverty among the elderly.

The number of poor children remained constant in the 1970's. A significant increase in those living in single-parent families was offset by the trends toward declining birth rates and smaller families. But the number of families headed by single mothers is increasing in the 1980's. As this trend continues, children will face a growing risk of poverty.

Declining family size, which helped to reduce the poverty rate by nearly fifty percent in the 1960's, continued into the 1970's. Children who grew up in large families in the 1960's and earlier are young adults choosing to have fewer children today. Since the guidelines for determining poverty are based upon the relationship of family size to income, **the decline in family size over the last 20 years served to stabilize the poverty rate without any actual increase in income.**

By the early 1970's, however, the impact of declining family size on the poverty rate had peaked. The economic disruptions of the 1970's,, coupled with rapid growth in the number of families, as children of the post war "baby boom" reached adulthood and formed families of their own, accounted for a twelve percent increase in the number of poor families between 1970 and 1980.

In addition, Maine's long history of out-migration was reversed in the 1970's, as more Mainers remained in the State and a large number of in-migrants moved to Maine. Economic growth, though substantial, was not sufficient to accommodate all the growth in the adult population. Thus, many of the children who were poor in the 1960's are young adults living in poverty today.

Another stabilizing effect on the poverty rate has been the emergence of the two-worker household. While declining family size has enabled homemakers to work outside the home, the erosion of real family income during the 1970's have made two paychecks essential for many families. The impact of this trend is limited by the increasing number of single-person households and single-parent families.

4. REGIONAL DIVERSITY AND DISPARITY

Although Maine's poverty rate is only slightly higher than the national average, there are important differences in the nature of poverty between Maine and the nation, and within Maine itself.

Maine lacks large blocks of ethnic and racial minorities. Nationally, thirty-one percent of the poor are black and fourteen percent are Hispanic. **Nationally, only 9.4% of the white population lives in poverty. In Maine, nearly all of the thirteen percent of the population who are poor are white.** Minority groups also have higher rates of poverty in Maine, but the minority population in Maine accounts for less than one percent of the total State population.

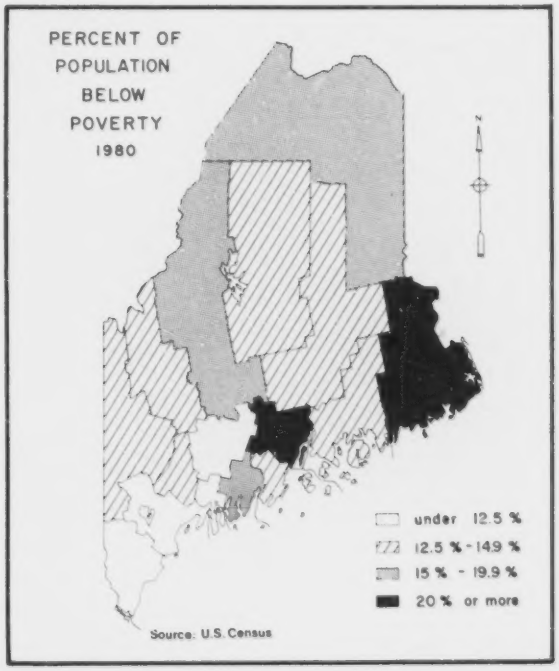
High rates of poverty afflict Maine's largest cities, and nearly every community in the State has its own "pocket of poverty." But Maine lacks large ghetto-like concentrations; extremes of wealth and poverty and physical isolation and segregation are minimal in Maine.

Nonetheless, within Maine, significant regional disparities exist. Differences occur in the industrial and occupational mix of various regions within Maine, and in the distribution of opportunities for education, skill development, and human growth. There are also variations in family size, proportion of elderly, and availability of services needed by the poor.

Economic distress[1] is most severe in the more rural regions that lack either a major industry or a diversity of employment and services. It is also severe where major industries have met with economic hardship due to obsolesence of either product or plant, competition from imports, or to cyclical factors in the national economy.

The conditions of poverty are most severe in the most rural and most urban places in Maine[2]. In general, however, higher rates of poverty prevail in rural areas, where seventeen percent of the population live below the poverty level, compared to twelve percent in urban and suburban communities.

FIGURE 28



The characteristics of the poor and the character of poverty vary among regions. Families headed by single women tend to be concentrated in urban areas, but female-headed families residing in rural communities are much more likely to be poor (37% below poverty compared to 30% in urban areas). Rural families headed by an elderly householder also have a higher poverty rate; and in rural areas, fewer students complete high school and fewer people seek post secondary education. Rural areas have fewer job opportunities, and considerably fewer workers in the labor force; underemployment is greater, and unemployment lasts longer.

The income level in Maine also varies greatly from one region to another. In metropolitan areas income more closely resembles the national average while income in rural areas is much lower and more comparable to other rural, distressed regions of the country. Income in southern Maine is nearly double that of Waldo and Washington counties.

Income growth during the 1970's was distributed unevenly. Some areas experienced great increases, while others lagged behind. It is in these slow growth areas that poverty increased most. The most severe conditions are found in Waldo County, which has ranked lowest in per capita income since 1980.

[1] The term economic distress refers to the extent to which an area or community suffers from high rates of poverty, slow or no economic growth, low per capita income and related indicators of poor economic health.

[2] The State Planning Office has classified Maine's 498 municipalities into ten community types based on their size and the relative scale of their economy, and the role they play in their respective regions. These ten types are broadly grouped into three categories (rural, urban, and suburban).

FIGURE 29

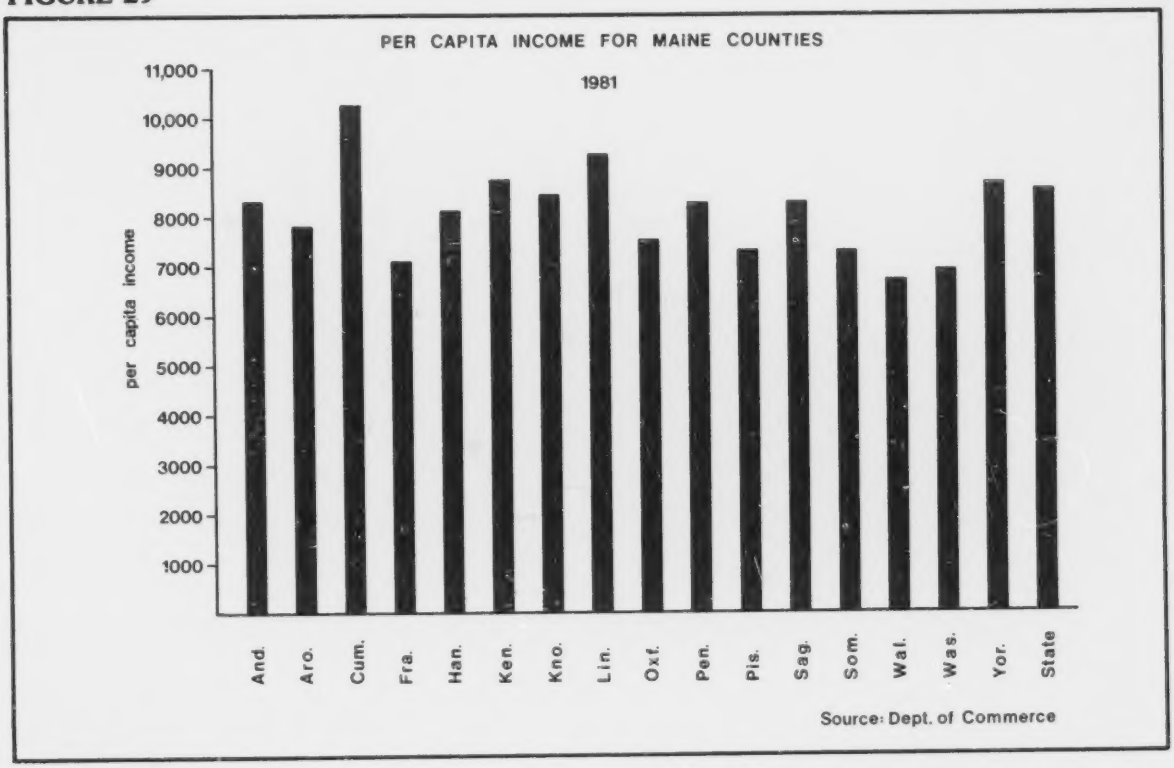
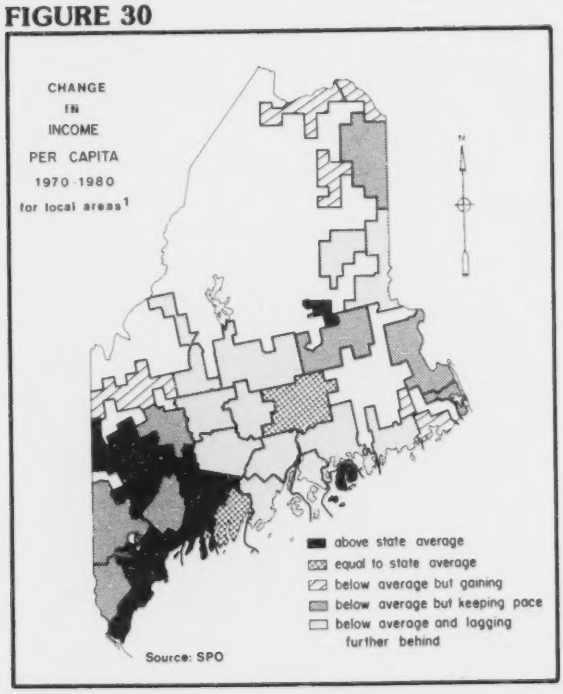


FIGURE 30



Although income has increased at a greater rate in both rural and suburban communities, on average it still lags behind urban areas. In 1979, forty percent of rural households reported income under $10,000, compared to thirty-five percent of urban and thirty percent of suburban households.

The opportunity for full employment or for earning supplemental income varies with the local job mix, and is the key underlying factor that determines the absence of poverty in an area.

Regional variation in occupations and in the nature of full and part-time work greatly contributes to the degree of economic distress. Jobs involving natural resource industries, which are often available only seasonally, are concentrated in rural areas, while urban centers and the coastal region offer more trade and service sector jobs.

Employment growth, like income, was also uneven within Maine during the 1970's. The largest gains were concentrated in the I-95 Corridor and along the coast west of Bar Harbor.

[1] The State Planning Office has divided the State into 37 local areas, or "Extended Communities" for the purpose of analyzing the State's economic and social structure. The "Extended Community" is defined as the geographic area in which most of the people carry out their normal day-to-day activities (working, shopping, entertaining, etc.)

FIGURE 31

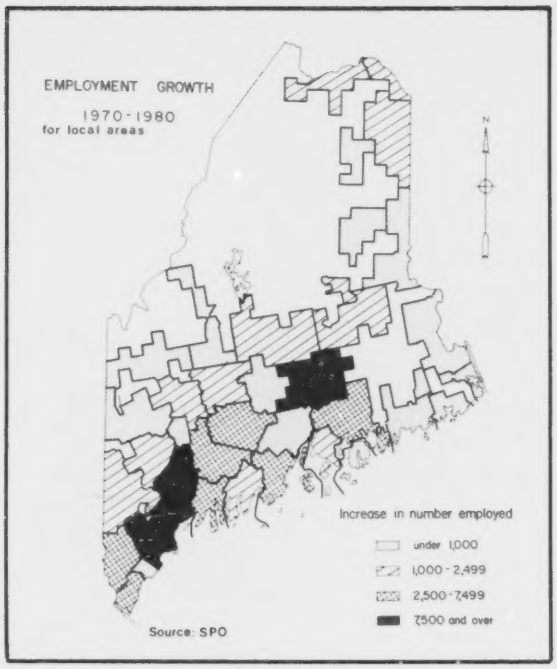
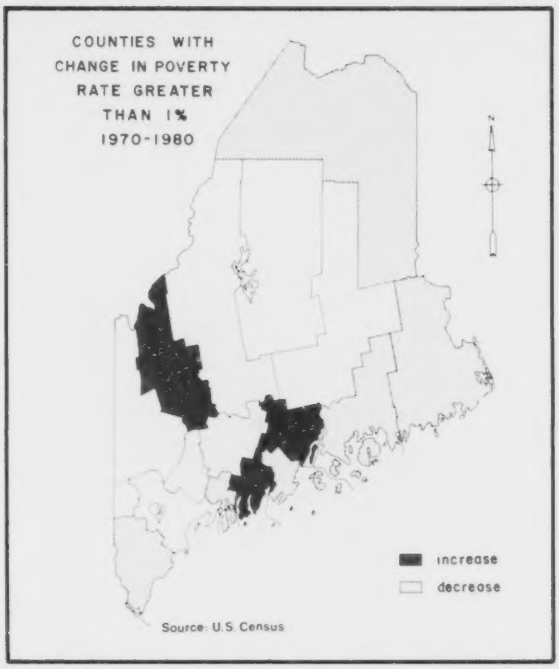


FIGURE 32



From 1979 to 1982, seventy-five percent of the new jobs created were located in four counties which are highly dependent on trade, services and defense contracts: Cumberland, York and Sagadahoc (up 2,000 each) and Lincoln (up 1,200).

Counties showing the greatest decline in employment are heavily dependent on manufacturing and government, or are predominantly rural in character and isolated. For example, Androscoggin County lost 2,000 jobs between 1979 and 1982. Aroostook, Waldo, Washington, Oxford, Kennebec and Penobscot Counties also experienced large losses, resulting in large part from declines in the shoe and poultry industries.

Growth in earnings follows a similar pattern for the same period. The only county reporting a loss was Waldo, where earnings dropped $50 per worker from $9,343 in 1979 to $9,283 per worker in 1982. Income growth in most counties ranged from $2,000 to $3,000. Statewide, earnings per worker increased from $11,144 to $13,855 (unadjusted for inflation) between 1979 and 1982.

While their positions relative to each other have changed since 1970, four counties—Aroostook, Somerset, Waldo and Washington—continue to have the severest conditions of poverty.

If these patterns continue, regional disparities in poverty will increase. Unequal employment opportunities tend to increase the rate of population movement among people in the labor force, leaving behind those not in the labor force such as the elderly or handicapped, and the marginally employed. Since such groups have higher rates of poverty, their increasing share in an area's population will contibute to rising rates of poverty.

Three regional patterns of growth have been projected for the remainder of the 1980's.* Southern Maine (York and Cumberland Counties) accounted for fifty-two percent of the State's 1980 population but is expected to receive 61-64% of the new jobs created by 1990, according to a 1982 State Planning Office forecast[1]. By contrast, Northern (Aroostook) and Central Maine accounted for eight percent and forty percent of the population respectively but are expected to experience slower rates of job growth. Of the projected new jobs, only 4% to 5% will be in the Northern Maine and 30% to 35% in Central Maine.

[1] Maine State Planning Office, **The Maine Economy: A Forecast to 1990**

Distance from markets and difficulty of access are constraints upon Maine's most remote regions. Investments to improve transportation and infrastructure, to revitalize and strengthen urban trade and service centers, and to increase and diversify job opportunities brought improvement to these areas in the 1970's, though they still lag behind the State as a whole. Conscious targeting of Maine's resources toward economic development projects that increase jobs and incomes, and toward improved infrastructure that will make a depressed region more attractive to private investors, has proven an effective method for reducing poverty and distress, though it has been costly on a per capita basis.[1]

[1] Maine State Planning Office, **Public Investment and Resource Targeting in Maine,** 1970-81, Dec., 1982

Conclusion

This study was undertaken to determine who is poor in Maine and why; and to assess the changes that have occurred since the "War on Poverty" was declared in the mid 1960's.

The focus of the study has been to provide information indicating the approaches in new policies and services needed to reduce the level of poverty.

The characteristics of the Maine population have changed since 1970, placing new demands on the social structure, on the economy, and upon the support systems and services that assure a minimum standard of living to people unable to provide for themselves.

There have been increases in the number of poor and near-poor. Poverty, as measured by the Bureau of the Census, is determined according to income and household size, and is based on assumptions about what constitutes the day-to-day needs of life and their costs. Because low income people move in and out of poverty as the economy fluctuates, or as their personal circumstances (health, presence of children, etc.) dictate, the actual number of poor is not easy to pinpoint.

People are poor because they lack access to economic opportunities due to both real limitations (lack of skills, transportation to work, poor health, etc.) or perceived limitations (socially or culturally determined benefits and traditions). And being poor, they are vulnerable to a multitude of problems. They cannot fully participate in the economy because they lack adequate employment opportunities; they are insufficiently educated or trained; they endure poor health; or they have preschool children at home requiring care. The people left out and left behind are those who can't compete in an economy unable to provide full employment and adequate wages to everyone who can work, and adequate alternatives to those who cannot work.

In determining who is poor, age and sex continue to be key factors; but their function has changed in recent years. Increased benefits for the elderly have decreased their risk of being poor, while changing family structure and composition have increased the risk for women and children. Although women have gained increasing economic status, low wages and the seasonal nature of much of the Maine economy place a growing number of both men and women at risk of poverty.

Extreme variations in poverty exist in Maine. Poverty is greatest in rural areas where there is little economic diversification. Distance and isolation decrease services to rural people, and limit their economic growth possibilities. Growing regional disparities need special attention in order to reverse historical trends.

The ability of people to escape poverty with or without significant public investment has been debated for some time. To reduce poverty requires the efforts of all sectors. Drastic cuts in federal assistance in the 1980's impede progress and present special obstacles and challenges to the State. More restrictive eligibility requirements for federal aid are of special concern, given the structure of the Maine economy.

Greater access to improved economic opportunities and support services (such as day care, increased education, rehabilitation, retraining, etc.) are needed. Jobs, however, are only part of the solution. Many poor are unable to work due to age or poor health and disability. The needs of the poor are as different as the people themselves, and the services and opportunities must reflect this diversity.

The prospect that poverty could increase further in this decade is of great concern. The trends established in the 1970's provide warning signals which, if heeded, can not only prevent any further increase, but can lead to new policy directions for reducing poverty in Maine.

The purpose of this report is not to table our debates, but to illuminate them. We hope it will kindle new insights and awareness, and a renewed commitment to effective action.